

**EIGHTY-SEVENTH GENERAL ASSEMBLY
2018 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

February 7, 2018

Clip Sheet Summary

Displays all amendments, fiscal notes, and conference committee reports for previous day.

Bill	Amendment	Action	Sponsor
<u>HF 2230</u>	<u>H-8004</u>	Filed	STECKMAN of Cerro Gordo

Fiscal Notes

[SF 220](#) — [Traffic Cameras Ban](#) (LSB1140SV.2)

[HF 2029](#) — [Military Property Tax Exemption for Active Duty](#) (LSB5118YH)

[HF 2118](#) — [Automated Traffic Law Enforcement Ban](#) (LSB5244HV)

[HF 2128](#) — [Probate, Small Estates](#) (LSB5191HV)

[HF 2129](#) — [Probate, Inheritance Tax](#) (LSB5190HV)

[HF 2131](#) — [Hotel and Motel Local Sales Tax](#) (LSB1804HZ)

[HF 2193](#) — [Text Message Notification System](#) (LSB5113HV)

[HF 2198](#) — [Snow Plow Lights, White and Blue, Permanency](#) (LSB5325HV)

[HF 2199](#) — [Skimming Devices, Criminal Penalties](#) (LSB5352HV)

[HF 2230](#) — [School Foundation Program Funding](#) (LSB6154HV)

HOUSE FILE 2230

H-8004

1 Amend House File 2230 as follows:

2 1. Page 1, line 10, by striking <one> and inserting <three>

3 2. Page 1, line 24, by striking <one> and inserting <three>

By STECKMAN of Cerro Gordo

H-8004 FILED FEBRUARY 6, 2018



SF 220 – Traffic Cameras Ban (LSB1140SV.2)

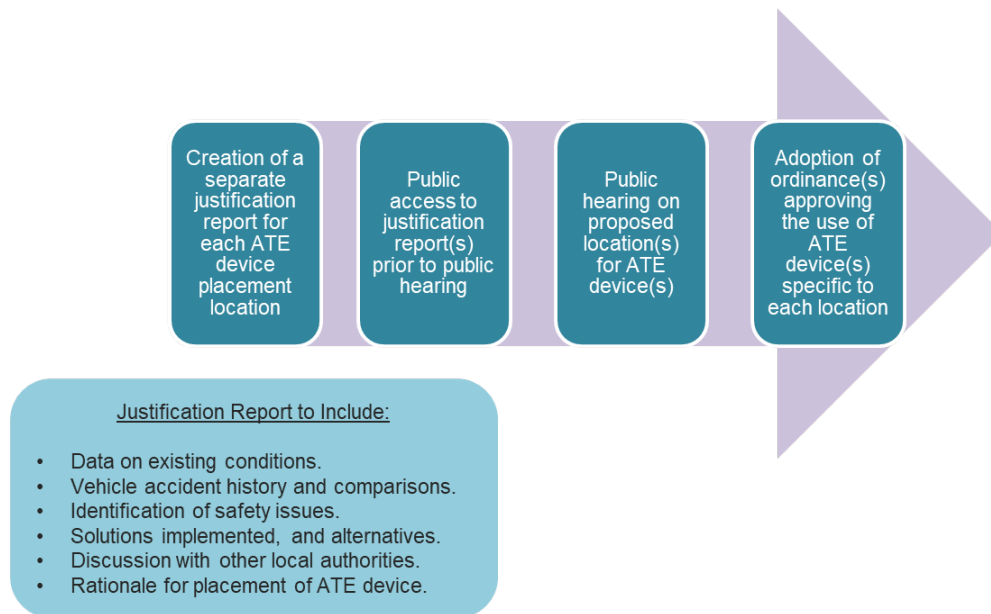
Analyst: Michael Guanci (515.729.7755) michael.guanci@legis.iowa.gov

Fiscal Note Version – Revised (new information in 2018 Session)

Description

Senate File 220, as amended and passed by the Senate, prohibits the use of Automated Traffic Enforcement (ATE) devices by the Iowa Department of Transportation (DOT). Local authorities are prohibited from installing ATE devices without approving each location with an established self-certification process. The self-certification process is described in the chart below.

Self-Certification Process for ATE Device Implementation Under SF 220



Under Senate File 220, each ATE device must be internally calibrated daily, and externally calibrated monthly by a trained individual. Local authorities will be prohibited from imposing a civil penalty that exceeds the penalty established in Iowa Code section [805.8A](#) for the same or similar violations. All revenues collected from ATE devices by any local authority, minus necessary expenses, will be deposited into the local authority's road fund or public safety fund.

Senate File 220 also establishes an appeals process for citations issued from ATE devices, and a petition process for citizens under the local authority's jurisdiction to request removal of an ATE device. Each local authority operating an ATE device is required to file an annual report with the General Assembly on the effectiveness of the ATE device.

Automatic Traffic Enforcement devices operating on the primary road system must receive approval by the DOT; operate under the DOT's administrative rules; and be subject to annual

review, modification, or removal requests by the DOT. Any ATE devices previously approved by the DOT in accordance with its rules will be allowed to continue to operate.

Background

As of January 2018, there are eight cities operating a total of 78 speeding and red light ATE devices. The DOT does not operate any ATE devices on the primary road system.

In January 2014, the DOT adopted an administrative rule that regulated the use of ATE devices on the primary road system. In March 2015, the Department ordered nine traffic cameras on the primary road system to be removed. Of the nine ordered removed, seven remained in use pending rulings on several lawsuits filed by cities against the DOT. The ATE devices operating on secondary or city roads are not impacted by the DOT's existing administrative rules.

In April 2017, the Iowa district court for Polk County ruled that the DOT had the authority to regulate ATE devices on the primary road system. The ruling was upheld in June 2017 by the Iowa Supreme Court. By May 2017, the cities of Cedar Rapids, Des Moines, and Muscatine ceased issuing violations from ATE devices on the primary road system. Automated traffic enforcement devices operating on secondary or city roads were not impacted by the court ruling and are still operating per the local authorities' discretion.

Polk County declined to renew its vendor contract for ATE devices and ceased issuing violations from its two mobile units in December 2017.

Under Iowa Code section [8A.504](#), the Department of Administrative Services (DAS) operates the Iowa Offset Program which can withhold certain State payments on behalf of local authorities to individuals and companies with unpaid fees for ATE device violations. The DAS charges \$7 per violation collected to offset the costs of administering the Program. Fees are deposited into the DAS general fund operating budget. The cities of Council Bluffs, Des Moines, Davenport, Fort Dodge, Muscatine, and Windsor Heights participated in the Program in FY 2017. Cedar Rapids has a signed agreement with the Iowa Offset Program; however, as of January 2018, the city has not submitted any unpaid violations for collection.

Assumptions

- All existing ATE devices will cease operation on or before July 1, 2018, until the local authorities complete the self-certification process for each location in which ATE devices are deployed. **Table 1** provides data on the number of ATE devices, base cost per violation, vendors' share of revenues, and local authorities' share of revenues.

TABLE 1

**Estimated Violations and Revenues from ATE Devices
(As of Jan. 26, 2018)**

Local Authority	Fiscal Year	Number of Operating ATEs	Number of Violations Issued	Number of Violations Collected	Base Cost per Violation*	Vendor Revenue	Local Authority Revenue**
Cedar Rapids	FY 2017	28	124,346	66,405	\$ 75	\$ 2,095,213	\$ 4,029,318
Council Bluffs	FY 2017	12	18,869	12,367	100	507,047	732,170
Davenport	CY 2017	14	39,807	22,785	65	478,485	1,002,540
Des Moines	FY 2017	8	77,146	76,811	65	1,852,576	3,140,062
Fort Dodge	FY 2017	2	7,169	5,776	75	165,403	274,517
Muscatine	FY 2017	9	11,012	9,430	75	254,610	586,066
Polk County	FY 2016	2	6,888	6,780	65	198,560	282,192
Sioux City	FY 2017	2	18,932	21,001	100	648,075	1,427,745
Windsor Heights	FY 2017	3	22,273	16,627	65	268,345	526,989
Totals		80	326,442	237,982		\$ 6,468,314	\$12,001,599

* Lowest violation amount. Actual violation amounts may increase depending on miles over the legal speed limit.
 ** Collected revenue may include fine moneys collected through the Iowa Offset Program for violations issued in prior years.
 Source: Local authorities

- The impact on the adoption of new ATE device locations and the operation of existing ATE devices is unknown. Additional regulations under Senate File 220 may slow future adoption and eliminate some existing ATE device locations.
- Sioux City will decrease the base cost per citation for speed violations to comply with Iowa Code section [805.8A](#).
- The DOT will continue to allow existing approved ATE devices on primary roadways, and will maintain its current approval process for local authorities' requests to install additional devices on primary roads.
- Revenue generated from ATE devices will be deposited into accounts maintained by authorities for road funds or public safety. **Table 2** provides data on the funds in which ATE device fee revenues are currently deposited.

TABLE 2

Local Funds Receiving ATE Revenues	
Authority	Fund Impacted
Cedar Rapids	General Fund
Council Bluffs	General Fund
Davenport	General Fund
Des Moines	Police Operating Expenses
Fort Dodge	Salary Expenses for Police Dept.
Muscatine	Police Dept.
Polk County	Public Safety Fund
Sioux City	Public Safety Projects
Windsor Heights	General Fund & Police Dept.

- Any reduction in violations may cause a reduction in unpaid violations that are submitted to the Iowa Offset Program under the DAS.

Fiscal Impact

- It is unknown if there will be any reduction the DAS's revenue due to the number of unpaid violations submitted to the Iowa Offset Program.
- The locations where ATE devices will be self-certified are unknown. Local authorities will see a decrease in revenue from any ATE device location that does not follow the certification process. Refer to the totals in **Table 1** for revenue by local authority.
- Provided that Sioux City completes the certification process for each of its ATE device locations, revenue may decrease by an estimated \$286,000 in FY 2019 to comply with lowering the base cost for speed violations.
- It is not known if existing ATE devices operating without approval from the DOT will be modified or removed under Senate File 220. Any discontinued operation or removal of devices from the primary road system may decrease revenue for Cedar Rapids, Des Moines, Muscatine, and Sioux City.
- There is no fiscal impact to the DOT. The Department will continue to fund the ATE device approval and evaluation process through existing appropriations to the Highway Division.

Sources

Cedar Rapids City Manager's Office
Council Bluffs Public Works
Davenport Police Department
Des Moines Government Relations
Fort Dodge Police Department
Department of Administrative Services

Muscatine Finance Department
Polk County Sheriff's Department
Sioux City Police Department
Windsor Heights Police Department
Department of Transportation

/s/ Holly M. Lyons

February 5, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 2029 – Military Property Tax Exemption for Active Duty (LSB5118YH)
Analyst: Jeff Robinson (515.281.4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

[House File 2029](#) allows active duty military personnel residing in Iowa to claim an existing [Military Service Property Tax Exemption](#). The change applies to property taxes due and payable in FY 2020 and after. Under current law, the Military Service Property Tax Exemption may be claimed only by a qualified military veteran or, under specified circumstances, a member of a qualified veteran's family. The taxable value of the exemption is \$1,852.

Iowa Code section [25B.7](#) provides that the cost of providing new property tax credits and exemptions shall be fully funded by the State and that local political subdivisions must extend only that portion of any credit or exemption for which State funds are appropriated. However, in the case of the Military Service Property Tax Exemption, the State's obligation is limited by law to \$6.92 per \$1,000 of taxed property value. The Bill would not alter this limitation nor change local political subdivisions' obligation to extend the remainder of the tax exemption.

Assumptions

- The number of active duty military personnel living in Iowa and owning a home is estimated at 980, and the number is assumed to be constant going forward.
- The statewide average residential property tax rate for FY 2018 is \$34.75 per \$1,000 of taxed value, and this rate is assumed to remain constant going forward.
- Through the school aid formula, the State General Fund replaces \$5.40 per \$1,000 of reduced taxed property value that is the result of new and expanded property tax exemptions.
- Through a standing unlimited appropriation, the State General Fund replaces \$6.92 per \$1,000 of reduced taxed property value that is the result of expanding the existing Military Service Property Tax Exemption.

Fiscal Impact

Extending the existing Military Service Property Tax Exemption to include active duty military personnel increases two State General Fund appropriations by a combined \$22,000, and reduces local government revenue by \$41,000. All impacts are annual, beginning FY 2020.

Sources

Iowa Department of Revenue
U.S. Census Bureau
Iowa Department of Management Property Tax Files

/s/ Holly M. Lyons

January 30, 2018

Fiscal Note

Fiscal Services Division



HF 2118 – Automated Traffic Law Enforcement Ban (LSB5244HV)

Analyst: Michael Guanci (515.729.7755) michael.guanci@legis.iowa.gov

Fiscal Note Version – Revised (fiscal impact)

Description

House File 2118 prohibits the use of automated traffic enforcement (ATE) devices by State and local authorities. This Bill requires the removal of all existing ATE devices by July 1, 2018.

Background

As of January 2018, eight cities operate 78 speeding and red light ATE devices. The State does not operate any ATE devices on the primary road system.

In January 2014, the Department of Transportation (DOT) adopted an administrative rule that regulated the use of ATE devices on the primary road system. In March 2015, the Department ordered nine traffic cameras on the primary road system to be removed. Of the nine ordered removed, seven remained in use pending rulings on several lawsuits filed by cities against the DOT. The ATE devices operating on secondary or city roads are not impacted by the DOT's existing administrative rules.

In April 2017, the Iowa district court for Polk County ruled that the DOT had the authority to regulate ATE devices on the primary road system. The ruling was upheld in June 2017 by the Iowa Supreme Court. By May 2017, the cities of Cedar Rapids, Des Moines, and Muscatine ceased issuing violations from ATE devices on the primary road system. Automated traffic enforcement devices operating on secondary or city roads were not impacted by the court ruling and are still operating per the local authorities' discretion.

Polk County declined to renew its vendor contract for ATE devices, and ceased issuing violations from its two mobile units in December 2017.

Under Iowa Code section [8A.504](#), the Department of Administrative Services (DAS) operates the Iowa Offset Program which can withhold certain State payments on behalf of local authorities to individuals and companies that do not pay their ATE violations. DAS charges \$7 per violation collected to offset the costs of administering the Program. Fees are deposited into the DAS general operating budget. The cities of Council Bluffs, Des Moines, Davenport, Fort Dodge, Muscatine, and Windsor Heights participated in the Program in FY 2017. Cedar Rapids has a signed agreement with the Iowa Offset Program; however, as of January 2018, the city has not submitted any unpaid violations for collection.

Assumptions

All existing ATE devices will cease operation on or before July 1, 2018. **Table 1** provides data on the number of ATE devices, base cost per violation, vendor's share, and share of local authorities' revenues.

TABLE 1

**Estimated Violations and Revenues from ATE Devices
(As of Jan. 26, 2018)**

Local Authority	Fiscal Year	Number of Operating ATEs	Number of Violations Issued	Number of Violations Collected	Base Cost per Violation*	Vendor Revenue	Local Authority Revenue**
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Totals		80	326,442	237,982		\$ 6,468,314	\$12,001,599

* Lowest violation amount. Actual violation amounts may increase depending on miles over the legal speed limit.
 ** Collected revenue may include fine moneys collected through the Iowa Offset Program for violations issued in prior years.
 Source: Local authorities

Fees paid to DAS for unpaid ATE device violations will cease over time as local authorities collect a decreasing number of unpaid violations.

Fiscal Impact

It is estimated that [HF 2118](#) will reduce revenue to the DAS by approximately \$75,000 in FY 2019. It is not known how much in fees for outstanding violations may be collected in FY 2020.

The Bill will decrease revenue to local authorities by an estimated \$12.0 million per fiscal year. Refer to the totals in **Table 1** for revenue decreases per local authority. **Table 2** provides data on which local funds would be impacted.

TABLE 2

Local Funds Receiving ATE Revenues	
Authority	Fund Impacted
Cedar Rapids	General Fund
Council Bluffs	General Fund
Davenport	General Fund
Des Moines	Police Operating Expenses
Fort Dodge	Salary Expenses for Police Dept.
Muscatine	Police Dept.
Polk County	Public Safety Fund
Sioux City	Public Safety Projects
Windsor Heights	General Fund & Police Dept.

Sources

Cedar Rapids City Manager's Office
 Council Bluffs Public Works
 Davenport Police Department
 Des Moines Government Relations
 Fort Dodge Police Department
 Muscatine Finance Department

Polk County Sheriff's Department
 Sioux City Police Department
 Windsor Heights Police Department
 Iowa Department of Transportation
 Department of Administrative Services

/s/ Holly M. Lyons

February 5, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 2128 – Probate, Small Estates (LSB5191HV)
Analyst: Laura Book (515.205.9275) (laura.book@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2128 relates to probate and the administration of small estates. The Bill raises the maximum value of a small estate as defined under Iowa Code section [635.1](#), from \$100,000 to \$200,000. Section 1 of the Bill would apply to estates opened or converted from administration on or after July 1, 2018. The Bill also makes various procedural changes to probate administration under Iowa Code chapter [635](#). The Bill is effective July 1, 2018.

Background

Under Iowa Code section [633.31\(2\)\(l\)](#), the clerk of court must charge and collect a fee of \$15 for services performed in the administration of a small estate of \$100,000 or less. If the estate is valued above \$100,000, the clerk collects the fees as prescribed in Iowa Code section [633.31\(2\)\(k\)](#). The current total fee for costs associated with the settlement of an estate valued at \$200,000 is \$380, and \$280 for estates valued at \$150,000.

Assumptions

- In FY 2017, there were 1,342 small estate cases filed. It is assumed there will be the same number of estates valued between \$100,000 and \$200,000, and the same number of small estates valued at \$100,000 or less, for future fiscal years.
- The number of small estate filings will eventually double if the small estate cap is raised to \$200,000.
- The average value of estates between \$100,000 and \$200,000 is \$150,000.
- The total amount of small estate filings and filings for estates valued between \$100,000 and \$200,000 will remain the same in FY 2019 and FY 2020.
- It is estimated to take at least two years for probate cases opened or converted from administration after July 1, 2018, to be closed and fees paid, and for the full fiscal impact to be known.

Fiscal Impact

House File 2128 is estimated to reduce fee revenues to the State General Fund within a year of implementation. The following chart shows an estimate of the fiscal impact over the next two fiscal years:

Estimated Impact on Fee Revenue*						
	FY 2019			FY 2020		
	Current	Proposed Law	Difference	Current	Proposed Law	Difference
	Law	HF 2128		Law	HF 2128	
Fee Revenue	\$395,890	\$218,075	-\$177,815	\$395,890	\$40,260	-\$355,630

*For small estates and estates valued at \$100,000 - \$200,000.

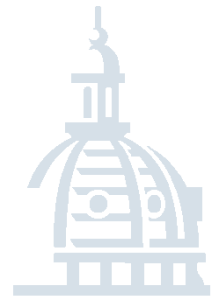
Source

Iowa Judicial Branch

/s/ Holly M. Lyons

January 30, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2129 – Probate, Inheritance Tax (LSB5190HV)
Analyst: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

House File 2129 changes the requirements for an inheritance tax deferral for certain estates. Specifically, the Bill creates an exception to the rule that a bond must be given to secure the payment of the tax if inheritance tax deferral is elected and the estate contains no real property. As an alternative to a bond, the Department of Revenue is allowed to accept other forms of security. Examples given in the Bill include a bank or securities account with an irrevocable pay on death or transfer on death provision naming the Department as beneficiary, or an escrow agreement with the Department under which a private attorney will act as escrow agent and hold the escrow funds in the attorney's trust account.

The Bill is effective July 1, 2018, and the change applies to the estates of decedents that include a deferred estate or remainder estate, and that have not, on or before July 1, 2018, received approval from the Department of Revenue to defer payment of the inheritance tax.

Background

Spouses, as well as lineal ascendants and descendants (children, grandchildren, parents, grandparents, etc.) are exempt from the Iowa inheritance tax. Other persons and entities receiving an inheritance are subject to a tax of 5.0% to 15.0%, depending on the value of the inheritance and/or the relationship to the decedent.

Under current Iowa law, the inheritance tax due on an estate or a portion of an estate may be deferred. Tax deferral requires a lien on inherited real property or a bond. The Bill allows the tax due to be deferred using other forms of security acceptable by the Department of Revenue.

The Department reports that approximately six inheritance tax situations per year could be impacted by this change. The Department did not provide an estimate of the value of deferred inheritances or the amount of tax revenue potentially involved. At the top tax rate of 15.0%, additional deferred tax situations totaling \$335,000 would result in a revenue reduction of \$50,000.

Fiscal Impact

The Bill does not have an identified fiscal impact. The Bill does not directly change the amount of inheritance tax due. It does, however, have the potential of delaying the payment of inheritance tax so the tax will be received in a later fiscal year. Any negative fiscal impact on one fiscal year would be offset by a positive fiscal impact on a future fiscal year.

Source

Iowa Department of Revenue

/s/ Holly M. Lyons

January 30, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 2131 – Hotel and Motel Local Sales Tax (LSB1804HZ)

Analyst: Kenneth Ohms (515.971.7053) (kenneth.ohms@legis.iowa.gov)

Fiscal Note Version – New

Description

[House File 2131](#) extends the number of consecutive days the same person must rent lodging to qualify for the exemption of State and local hotel and motel taxes from 31 days to 90 days.

Background

Under current law, the renting of lodging by the same person for a period of more than 31 consecutive days is exempt from State and local hotel and motel taxes under Iowa Code chapter [423A](#).

Iowa Code section [423A.7](#)(4) requires that 50.0% of the revenue generated by local hotel and motel taxes be used for purposes related to recreation, convention, cultural, or entertainment facilities, or for the promotion and encouragement of tourist and convention business in the city or county and surrounding areas. The remaining revenues may be spent by the city or county for any operations authorized by law for the expenditure within statutory limitations of city or county revenues.

Assumptions

- In FY 2017, hotels and motels had exempt sales of \$46.9 million. These sales are assumed to be for long-term rentals and other potential exempt sales are assumed to be minimal.
- The State tax rate is 5.0% and the effective local tax rate is 6.79%.
- Of the exempt hotel and motel sales, 10.0% are assumed to be for periods of 90 days or longer.
- Growth rates are assumed to be 3.6% in FY 2018, 3.7% in FY 2019, 2.8% in FY 2020, and 2.3% thereafter.
- Secure an Advanced Vision for Education funding is not impacted by this Bill.

Fiscal Impact

[House File 2131](#) is estimated to increase revenue by the following amounts in the table below.

Estimated Impact of HF 2131

Dollars in Millions

	General Fund	Local Tax Revenue
FY 2019	\$ 2.3	\$ 3.1
FY 2020	2.3	3.2
FY 2021	2.4	3.2
FY 2022	2.4	3.3
FY 2023	2.5	3.4

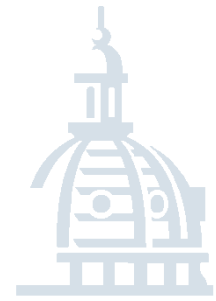
Source

Department of Revenue

/s/ Holly M. Lyons

January 30, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2193 – Text Message Notification System (LSB5113HV)
Analyst: Laura Book (515.205.9275) laura.book@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 2193](#) establishes a text messaging notification and payment system for citations. Beginning in FY 2019 through FY 2020, the Judicial Branch is permitted to contract with a private vendor for the establishment of a voluntary text messaging notification and payment system for local traffic violations, simple misdemeanor violations of Iowa Code chapter [321](#), or any other violations when no court appearance is required prior to an admission of guilt. Beginning in FY 2021, the Judicial Branch is required to contract with a private vendor to establish the text messaging system.

The Bill permits the vendor contract to provide for a collection fee of up to 6.0% of the amount of the fine. The collection fee must be added to the amount of the fine and used to compensate the private vendor. The Bill prohibits the use of the system for the collection of delinquent court debt.

Background

Currently, payors can pay their fines and court fees through the clerk's office or the Iowa Courts Online e-payment system. Neither method applies an additional fee for payment processing. The Bill would create a third method of payment through a text messaging notification and payment system. This method could only be used for scheduled traffic (ST) violations and simple misdemeanor charges in which the defendant can avoid a court appearance by paying the fines and fees in advance of the scheduled court date. Currently, the collection rate for fines and fees in ST violations is approximately 91.0%.

Assumptions

- In 2016, there were a total of 416,512 ST violations. It is assumed there will be 406,500 to 426,500 ST violations per year.
- About 65.0% of all traffic citations are submitted electronically from law enforcement officers' patrol cars, and the remaining are manual tickets. It is assumed the text messaging notification and payment system could be utilized for citations issued electronically. It is estimated that about 60.0% to 65.0% of ST violations would be submitted electronically, which is approximately 243,900 to 277,225 ST violations.
- The text messaging notification opt-in rate is assumed to be between 2.0% to 5.0% of payors. Of payors who opt in for the text messaging notifications, it is assumed around half of those payors (1.0% to 3.25% of all payors) will pay through the text messaging notification and payment system, since the other forms of payment do not include an additional charge.
- The collection rate for fines and fees for ST violations is approximately 91.0%. Since the collection rate is already high, the collection improvement rate is assumed to be relatively small, about 0.1% to 0.5%.

Fiscal Impact

The implementation of the text messaging notification and payment system may result in an increase in collections and General Fund revenue. The system is estimated to generate an additional \$42,683 to \$277,225 in revenue. **Table 1** shows the range of additional revenue that may be generated by the text messaging notification and payment system.

Table 1 – Text Messaging Payment System – Additional Collections

	Minimum	Maximum
Annual eCitation Tickets	243,900	277,225
Average Fine Amount	\$175	\$200
Collection Improvement Rate	0.1%	0.5%
Total Additional Collections Per Year	\$42,683	\$277,225

Implementation of the text messaging notification and payment system would result in a negative fiscal impact to the operating costs of the Judicial Branch. **Table 2** shows the estimated first-year costs of implementation and ongoing costs. After the first year, the system would require ongoing staff time for oversight.

Table 2 – Payment System Implementation and Ongoing Costs

	Year 1	Year 2 and After
New Server and Other Equipment	\$30,000	—
Programming and Testing	\$90,000	—
Additional Staff Member Time	\$46,000	\$46,000
Total Payment System Costs	\$166,000	\$46,000

The text messaging notification and payment system may also result in some cost savings to the Judicial Branch. Currently, the Judicial Branch absorbs the credit card merchant fees from processing payments. Under the system, the Judicial Branch would save these costs by not having to process the payment. The savings from merchant fees is estimated to be between \$8,537 and \$45,049. Based on those savings, **Table 3** shows the total estimated cost to the Judicial Branch for implementation and maintenance of the payment system.

Table 3 – Estimated Cost to Judicial Branch

	Year 1		Year 2 and After	
	Minimum	Maximum	Minimum	Maximum
Payment System Costs	\$ 166,000	\$ 166,000	\$ 46,000	\$ 46,000
Merchant Fees Cost Savings	-45,049	-8,537	-45,049	-8,537
Total Estimated Cost	\$ 120,951	\$ 157,463	\$ 951	\$ 37,463

Source

Judicial Branch – Office of the State Court Administrator

/s/ Holly M. Lyons

February 6, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 2198 – Snow Plow Lights, White and Blue, Permanency (LSB5325HV)
Analyst: Michael Guanci (515.729.7755) michael.guanci@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 2198](#) repeals sections of Iowa Code section [321.423](#) that sunset the provisions on the pilot program permitting the Department of Transportation (DOT) to install rear-facing blue and white lights on snow removal equipment.

Background

Under 2015 Iowa Acts, ch. [81](#) (Snow and Ice Treatment and Removal — Lighting Devices and Reflectors Act), the General Assembly authorized the DOT to install rear-facing blue and white lights in addition to the existing amber lights on some snow removal equipment in order to examine if the updated lights would reduce collision accidents. The DOT installed the lights on 170 vehicles in Highway District 1, which is located in central Iowa.

Prior to installation of the new lighting design, crash rates for snow removal equipment averaged one for every 2,801 hours of operation in 2014-2015 winter months. During the pilot program, crash rates were reduced to one crash for every 8,813 hours of operation during the 2016-2017 winter months.

Under current law, the pilot program will be repealed on July 1, 2019.

Assumptions

[House File 2198](#) will allow the DOT to continue installing rear-facing blue and white lights on the remaining 670 snow removal vehicles at a cost of \$500 per vehicle.

Fiscal Impact

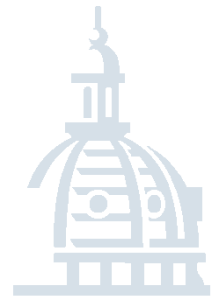
Installation of the lights on the remaining snow removal equipment is expected to cost the Highway Division of the DOT \$335,000 in FY 2019. The DOT will fund the installation through existing appropriations to the Division. The Highway Division is funded by appropriations from the Primary Road Fund.

Source

Iowa Department of Transportation

/s/ Holly M. Lyons

February 5, 2018



HF 2199 – Skimming Devices, Criminal Penalties (LSB5352HV)
Analyst: Laura Book (515.205.9275) laura.book@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 2199](#) relates to the illegal use of a scanning device or encoding machine. The Bill modifies several definitions and offenses under Iowa Code section [715A.10](#), creates a new offense under the same Code section, and expands the definition of criminal mischief in the third degree.

Background

Under [HF 2199](#), a person commits a Class D felony if the person directly or indirectly uses a scanning device or encoding machine to access, read, obtain, memorize, or store information encoded on a payment card without the permission of the authorized user, the issuer of the authorized user's payment card, or a merchant. Under current law, a person must also have the intent to defraud the authorized user, the issuer of the authorized user's payment card, or a merchant. A Class D felony is punishable by confinement for no more than five years and a fine of at least \$750 but not more than \$7,500.

The Bill creates a new criminal offense providing that a person shall not possess a scanning device with the intent to obtain information encoded on a payment card, or the knowledge that a person other than the user, issuer, or merchant intends to use the scanning device to obtain information encoded on a payment card without permission from the user, the issuer, or a merchant. A person who violates this provision commits an aggravated misdemeanor. An aggravated misdemeanor is punishable by confinement of no more than two years and a fine of at least \$625 but not more than \$6,250.

The Bill expands criminal mischief in the third degree under Iowa Code section [716.5](#) to include when a person intentionally damages, defaces, alters, or destroys property upon real or personal property that has the ability to process a payment card as defined in Code section [715A.10](#) in the Bill. Criminal mischief in the third degree is an aggravated misdemeanor.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends, prisoner length of stay, revocation rates, plea bargaining, and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of this Bill to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.

Impacts

Correctional Impact

The correctional impact of [HF 2199](#) is estimated to be minimal. Under the Bill, the penalty for the illegal direct or indirect use of a scanning device or encoding machine is a Class D felony, and possession or knowledge of the intent to use these devices or machines is an aggravated

misdeemeanor. The penalty for criminal mischief in the third degree is an aggravated misdemeanor. **Table 1** below shows estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; length of stay (LOS) under those supervisions; and supervision marginal costs per day for all convictions of Class D felonies and aggravated misdemeanors involving non-persons crimes. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Correctional Impact Memo](#), dated January 8, 2018, for information related to the correctional system.

Table 1 – Sentencing Estimates and LOS

Conviction Offense Class	Percent to Prison	FY 17 Avg Length of Stay in Prison (months)	FY 17 Prison Marginal Cost/Day	Avg Length of Stay on Parole	FY 17 Marginal Cost/Day Parole	Percent to Probation	Avg Length of Stay Probation (months)	FY 17 Avg Cost/Day on Probation	Percent to CBC	FY 17 Marginal Cost/Day CBC	Percent to County Jail	Avg Length of Stay County Jail (days)	Marginal Cost/Day Jail
Class D Felony (Non-Persons)	74%	11.3	\$17.52	13.4	\$4.93	64%	31.6	\$4.93	11%	\$10.56	26%	N/A	\$50.00
Aggravated Misd (Non-Persons)	31%	6.4	\$17.52	5.7	\$4.93	53%	19.5	\$4.93	3%	\$10.56	65%	N/A	\$50.00

Minority Impact

The minority impact of [HF 2199](#) is unknown. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Memo](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

Fiscal Impact

The fiscal impact of [HF 2199](#) is expected to be minimal. **Table 2** contains estimates for the average State cost per offense class type.

Table 2 – Average State Cost per Offense Class Type

Offense Class	Total Minimum Cost	Total Maximum Cost
Aggravated Misdemeanor	\$3,300	\$6,600
Class D Felony	\$7,900	\$12,100

Sources

Department of Human Rights, Division of Criminal and Juvenile Justice Planning
Department of Corrections

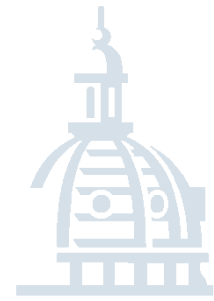
/s/ Holly M. Lyons

February 5, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 2230 – School Foundation Program Funding (LSB6154HV)
Analyst: Jocelyn Gerrietts (515.238.2833) jocie.gerrietts@legis.iowa.gov
Fiscal Note Version – New

Description

House File 2230 relates to the State School Foundation Program by establishing the State percent of growth and the categorical State percent of growth for the budget year beginning July 1, 2018 (FY 2019).

House File 2230 has three provisions with a fiscal impact:

- 1.0% State percent of growth rate to be applied to the State cost per pupil for FY 2019.
- 1.0% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts for FY 2019.
- Provides additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2019. The Bill requires the additional levy portion of the FY 2019 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2019. Without enactment of this provision, the increase in the FY 2019 State cost per pupil due to the State percent of growth will include a per pupil property tax increase equivalent to 1/8th (12.5%) of the total per pupil increase.

The Bill takes effect upon enactment.

Background

State Cost Per Pupil. The school aid formula provides funding to school districts and Area Education Agencies (AEAs) through a mix of State aid and property tax. In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation (or spending authority). There are five FY 2018 State cost per pupil funding levels that will be increased by a 1.0% State percent of growth for FY 2019. The following table provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and State cost per pupil amounts for FY 2019 based on a 1.0% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

FY 2019 State Cost Per Pupil Calculations				
	FY 2018 State Cost Per Pupil	FY 2019 State Percent of Growth	Supplemental State Aid	FY 2019 State Cost Per Pupil
Regular Program	\$ 6,664	1.0%	\$ 67	\$ 6,731
Special Education Program	6,664	1.0%	67	6,731
AEA Special Education Services	292.60	1.0%	2.93	295.53
AEA Media Services	54.55	1.0%	0.55	55.10
AEA Education Services	60.20	1.0%	0.60	60.80

In addition to the State percent of growth and supplemental State aid for FY 2019, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

State Categorical Supplements. The State categorical supplements are funded entirely through State aid and generate funds for each school district and AEA through the school aid formula on a per pupil basis. The FY 2019 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), early intervention supplement (district only), and Teacher Leadership and Compensation (TLC) (district only) will be increased by a 1.0% State percent of growth for FY 2019. The following table provides the per pupil growth amounts and State cost per pupil amounts for FY 2019 based on HF 2230.

FY 2019 State Cost Per Pupil Calculations				
	FY 2018 State Cost Per Pupil	FY 2019 State Percent of Growth	Supplemental State Aid	FY 2019 State Cost Per Pupil
Teacher Salary - Districts	\$ 574.27	1.0%	\$5.74	\$ 580.01
Professional Development - Districts	65.04	1.0%	0.65	65.69
Early Intervention	70.82	1.0%	0.71	71.53
Teacher Leadership and Compensation	323.27	1.0%	3.23	326.50
Teacher Salary - AEA's	30.05	1.0%	0.30	30.35
Professional Development - AEA's	3.51	1.0%	0.04	3.55

Additionally, there is a budget guarantee provision for each of the State categorical supplements, which provides each district and AEA with a minimum of the previous fiscal year's level of funding (net of the previous year's budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

FY 2019 Property Tax Replacement Payment Calculation			
	FY 2018	Increase Due To Supplemental State Aid Rate	FY 2019
Regular Program	\$ 6,664	\$ 67	\$ 6,731
87.5% Foundation Level	833	8	841
PRTP Amount	83	8	91
Fixed Additional Levy Portion	750		750

Property Tax Replacement Payment (PTRP). The enactment of [HF 215](#) (2013 Education Reform Act) included the creation of the property tax replacement payment (PTRP) provision to replace local property tax amounts with State aid. The provision froze the additional levy portion of the State cost per pupil at \$750; based on the State percent of growth enacted during the intervening fiscal years, this provision created \$15 per pupil in property tax relief in FY 2014 and

up to \$83 per pupil in FY 2018. The continual growth is a result of this provision requiring that the per pupil property tax relief of previous fiscal years to carry forward in future fiscal years. Enactment of [HF 2230](#) will maintain a freeze of the additional levy portion of the State cost per pupil at \$750 in FY 2019. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2019. The following table provides detail regarding the State cost per pupil funding levels as provided by a 1.0% growth rate for FY 2019 in HF 2230.

FY 2019 State Cost Per Pupil Calculations (Statewide Totals in Millions)				
	FY 2018 State Cost	FY 2019 State Percent of Growth	Budget Adjustment	FY 2019 State Cost
Teacher Salary - Districts	\$ 279.39	1.0%	\$1.30	\$ 282.94
Professional Development - Districts	31.66	1.0%	0.14	32.01
Early Intervention	34.47	1.0%	0.16	34.90
Teacher Leadership and Compensation	157.41	1.0%	0.70	159.47
Teacher Salary - AEAs	15.75	1.0%	0.67	15.97
Professional Development - AEAs	1.85	1.0%	0.07	1.87

Assumptions

- Estimates are based on October 2017 certified enrollments and supplementary weightings for FY 2019 that were approved by the School Budget Review Committee (SBRC) in December 2017.
- A statewide taxable valuation growth rate of 4.45% for FY 2019 was previously agreed upon by the Legislative Services Agency (LSA), the Department of Management, and the Department of Education. Based on this assumption, the statewide total for the uniform levy is estimated to account for \$37.6 million of the school foundation property tax change in FY 2019 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated increase in the uniform levy amount is not impacted by the establishment of the State percent of growth rate. The table below shows a 4.36% increase in the uniform levy due to changes in the uniform levy rates for school districts undergoing the process of reorganization.
- Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2018 taxable valuation amount.
- Other legislation may have an impact on the amount of State aid and property tax generated though the school aid formula. The fiscal impact in the table on the following page includes only the provisions in this Bill.
- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund that is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2019 State percent of growth will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the Program is provided with State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.0% budget adjustment will approve use of that provision.
- Beginning in FY 2019, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2018 will be restored.

Fiscal Impact

The following table provides the estimated fiscal impact of the three provisions of HF 2230: State Supplemental Aid, State categorical rate, and PTRP implementation. This includes:

- Restoration of the \$15.0 million reduction in State aid to the AEAs. Under current law, the reduction will total \$7.5 million (a statutory reduction implemented annually).
- \$51.5 million in PTRP funding, an increase of \$4.8 million compared to FY 2018 and an increase of \$9 per student.
- \$527.2 million for the State categorical supplements for school districts and AEAs, an increase of \$6.7 million (1.3%). This includes:
 - \$298.9 million for the teacher salary supplement.
 - \$33.9 million for the professional development supplement.
 - \$34.9 million for the early intervention supplement.
 - \$159.5 million for the teacher leadership supplement.
- \$82.2 million for preschool formula funding, an increase of \$4.0 million compared to FY 2018. The preschool formula funding is included in the State aid amount, but is not included in the combined district cost total.
- \$26.1 million in budget adjustment funding, an increase of \$2.5 million compared to FY 2018. The budget guarantee adjustment is calculated at the school district level so that school districts receive 101.0% of their previous year's funding. The budget guarantee adjustment is funded entirely through property taxes.
- An estimated \$64,000 in minimum aid funding. The minimum aid funding provision requires that districts receive at least \$300 in State aid funding per student. The provision lowers the affected districts' additional levy portion.
- The total property tax funds generated through the school aid formula are estimated to be \$1.521 billion, an increase of \$46.5 million over FY 2018.
- The total State aid from the General Fund (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula) is estimated to be \$3.227 billion, an increase of \$47.0 million (1.5%) compared to FY 2018.

Any legislative action affecting FY 2019 school aid provisions will have an impact on school aid amounts. Additionally, any variations in the assumptions noted may result in significant changes in the FY 2019 estimates provided in the following table.

Legislative Services Agency: FY 2019 School Aid Estimates (Statewide Totals in Millions)

State Supplemental Aid Rate

1.00%

State Cost Per Pupil

\$6,731

Total Increase

\$67

Program Funding:	FY 2018	Est. FY 2019	Est. Change	% Change
Regular Program District Cost	\$ 3,244.09	\$ 3,284.10	\$ 40.01	1.23%
Regular Program Budget Adjustment	23.64	26.14	2.50	10.55%
Supplementary Weighting (District)	93.30	98.98	5.68	6.09%
Special Education Instruction (District)	430.28	440.70	10.41	2.42%
Teacher Salary Supplement (District)	279.39	282.94	3.55	1.27%
Professional Development Supplement (District)	31.66	32.06	0.40	1.26%
Early Intervention Supplement (District)	34.47	34.90	0.43	1.25%
Teacher Leadership Supplement (District)	157.41	159.47	2.06	1.31%
AEA Special Ed Support District Cost	159.62	162.47	2.85	1.79%
AEA Special Ed Support Adjustment	1.52	1.76	0.24	15.96%
AEA Media Services	28.33	28.68	0.35	1.22%
AEA Ed Services	31.31	31.69	0.38	1.21%
AEA Teacher Salary Supplement	15.75	15.97	0.22	1.43%
AEA Professional Development Supplement	1.85	1.87	0.03	1.59%
Dropout and Dropout Prevention	120.08	120.08	0.00	0.00%
Combined District Cost	\$ 4,630.89	\$ 4,714.97	\$ 84.08	1.82%
Statewide Voluntary Preschool Program	\$ 78.15	\$ 82.20	4.04	5.18%
State Aid:	FY 2018	Est. FY 2019	Est. Change	% Change
Regular Program	\$ 1,940.90	\$ 1,942.01	1.11	0.06%
Supplementary Weighting	81.29	86.24	4.95	6.09%
Special Education Weighting	375.14	384.26	9.12	2.43%
Property Tax Adjustment Aid (1992)	8.46	8.08	-0.38	-0.81%
Property Tax Replacement Payment (PTRP)	46.76	51.52	4.76	10.17%
Adjusted Additional Property Tax - General Fund	24.00	24.00	0.00	0.00%
Statewide Voluntary Preschool Program	78.15	82.20	4.04	5.18%
Minimum State Aid	0.00	0.06	0.06	100.00%
State Aid from General Fund	\$ 3,179.63	\$ 3,226.59	\$ 46.96	1.48%
Excess from SAVE Fund	9.70	9.50	-0.20	-2.07%
Total State Aid (Includes Non-General Fund)	\$ 3,189.33	\$ 3,236.29	\$ 46.96	1.47%
Local Property Tax:	FY 2018	Est. FY 2019	Est. Change	% Change
Uniform Levy Amount	\$ 862.06	\$ 899.68	\$ 37.63	4.36%
Additional Levy	612.69	621.52	8.83	1.44%
Total Levy to Fund Combined District Cost	\$ 1,474.74	\$ 1,521.20	\$ 46.45	3.15%
Comm/Ind - Uniform Levy Replacement	26.29	22.40	-3.89	-14.79%
Comm/Ind - Additional Levy Replacement	19.50	17.27	-2.23	-11.42%
Miscellaneous Information:	FY 2018	Est. FY 2019	Est. Change	% Change
Budget Enrollment	485,147.30	486,264.30	1,117.00	0.23%
Number of Districts with Budget Adjustment	179	183	4	2.23%
Percent of Districts with Budget Adjustment	54%	55%		
Property Tax Relief Payment per student	\$ 83.00	\$ 91.00	\$ 8.00	9.64%
AEA Funding	\$ 217.20	\$ 235.61	\$ 18.40	8.47%

Notes:

Totals may not sum due to data duplication and exclusion. For example, other funds are provided by State Aid, but not included in the State Aid section because they are represented in the Program Funding section listed above.

The provision for Minimum State aid requires that the State provide at least \$300 per student.

Sources

Iowa Department of Education, Certified Enrollment and Enrollment Projections File
Iowa Department of Management, School Aid File
Iowa Department of Revenue
LSA Analysis and Calculations

/s/ Holly M. Lyons

February 6, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
